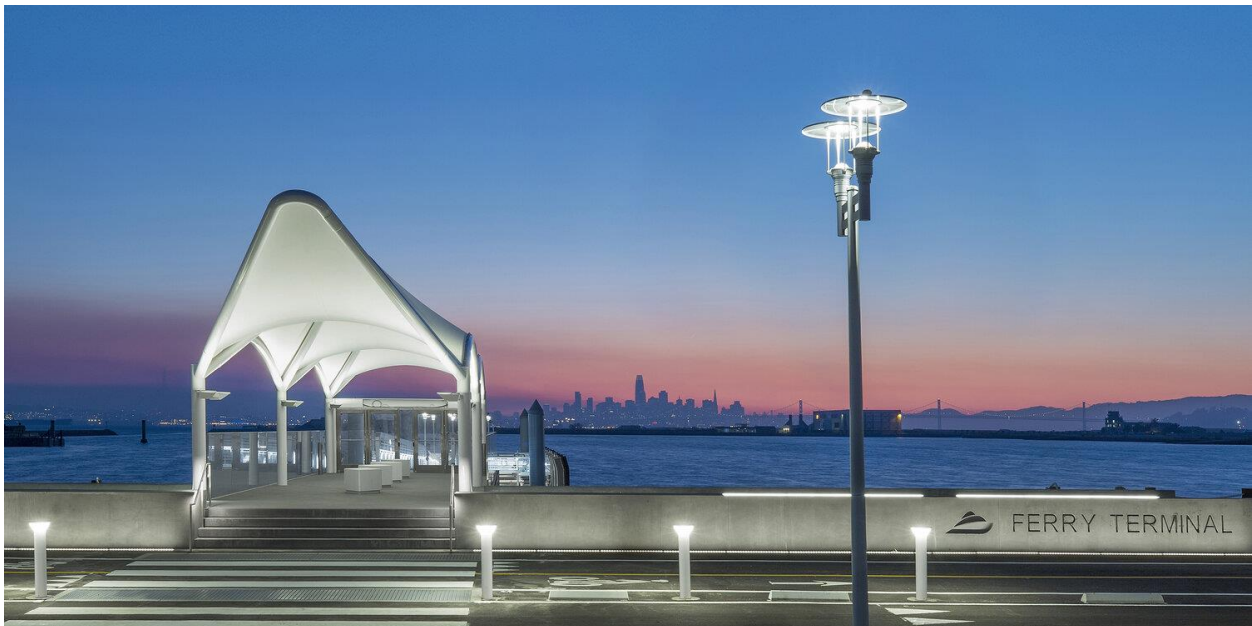


Draft

City of Alameda
General Plan and
Housing Element
Annual Report
2020



This Annual Report is prepared for the review and consideration by:

The Alameda City Council:

Mayor Marilyn Ezzy Ashcraft
Vice Mayor Malia Vella
Council Member Tony Daysog
Council Member Trish Herrera
Spencer
Council Member John Knox White

The Alameda Planning Board:

President Alan Teague
Vice President Asheshh Saheba
Board member Ron Curtis
Board member Rona Rothenberg
Board member Xiomara Cisneros
Board member Hanson Hom
Board member Teresa Ruiz

The residents and businesses of the City of Alameda, California.

This Annual Report was prepared by the City of Alameda Planning, Building and Transportation Department

Introduction

Pursuant to Government Code § 65300 et seq., every city and county in California is required to adopt and maintain an up-to-date General Plan, which establishes the local development and conservation policies necessary to guide physical development and protect the general health, safety and welfare of the community.

The Government Code also requires that the City Council annually review the adequacy of the General Plan and progress made to implement the city's regional housing need allocation (the "RHNA") by April 1 of each year.

This annual report on the status of the General Plan provides an opportunity for the Planning Board and City Council to consider the adequacy of the Alameda General Plan to ensure an integrated, internally consistent, and up-to-date General Plan. The City of Alameda General Plan is available for review on the City website.

This annual report is organized as follows:

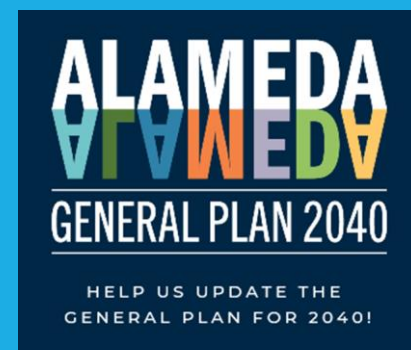
- Status of General Plan and Implementing Zoning Code
- Priority General Plan Work Program for 2021 and 2022
- Progress toward meeting the City of Alameda's Regional Housing Need, and
- Annual Housing Program Evaluation

Government Code section 65300.5 requires that the General Plan provide an "integrated, internally consistent and compatible statement of policies for the adopting agency."

DID YOU KNOW?

The City of Alameda is updating the General Plan. The first draft update is available at <https://www.alameda2040>

The second draft will be posted in March 2021.



Status of the General Plan and Implementing Zoning Code

The last comprehensive update of the General Plan occurred in 1991. Since 1991, the Alameda community, Planning Board, and City Council have been updating the General Plan and Zoning Code to address issue specific needs, such as the closure of Naval Air Station (NAS) Alameda in 1996, the loss of traditional maritime and industrial uses along the northern waterfront of Alameda, the loss of “auto row” on Park Street, the local and statewide housing shortage, and new State of California mandates and regulations.



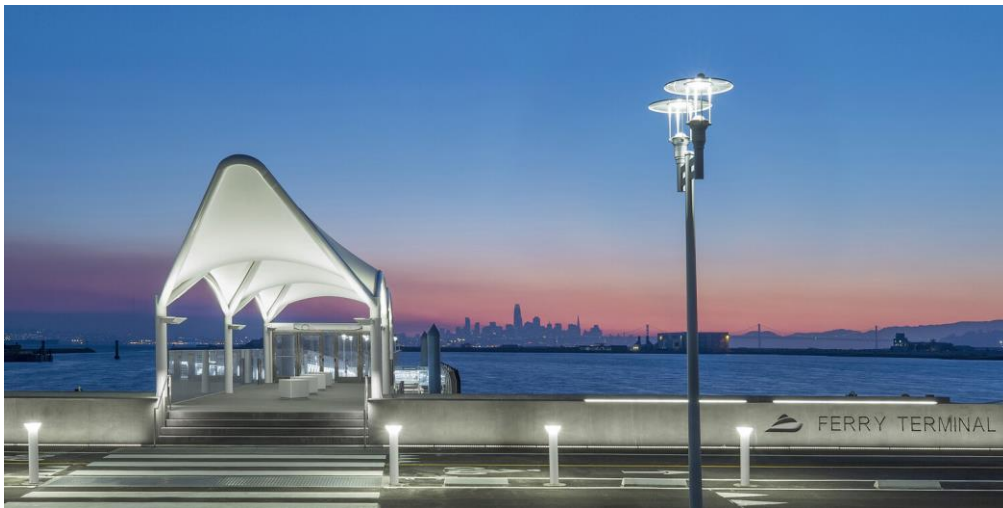
In 2020, work was completed on the Cross Alameda Trail between the Seaplane Lagoon at Alameda Point and Jean Sweeney Open Space Park along Ralph Appezato Memorial Parkway (RAMP). When complete, the trail will provide a continuous protected bicycle and pedestrian trail from the Seaplane Lagoon at Alameda Point to the Miller Sweeney Bridge in east Alameda. The idea for the trail began in 1996 with the closing of the Alameda Beltline Railroad.

General Plan Amendments: The major general plan amendments adopted since 1991 include adoption of the following:

- **NAS Alameda:** The Alameda Landing/Bayport General Plan Amendment was adopted in 1999; and the Alameda Point General Plan Element was adopted in 2003 and updated in 2014;

- **Northern Waterfront:** The Northern Waterfront Element was adopted in 2007;
- **Housing Element:** Comprehensive Housing Element updates were adopted in 2005; 2012, and 2014;

In 2020, the City of Alameda completed construction of the new Seaplane Lagoon Passenger Terminal designed by Marcy Wong.



- **Transportation Element Amendments:** A comprehensive Transportation Element update occurred in 2008; and
- **Safety and Noise Element:** A comprehensive Safety and Noise Element update occurred in 2017.

Zoning Amendments: The major Zoning Code amendments to implement General Plan policies and meet State mandates since 1991 include adoption of the following:

- **NAS Alameda:** Alameda Point Comprehensive Zoning Amendment in 2014;
- **Northern Waterfront:** Northern Waterfront Master Plans for major mixed use sites including Bayport Neighborhood (2000), Alameda Landing (2006), Grand Marina (2009), Del Monte (2014), Alameda Marina (2018), and Encinal Terminals (2018);
- **Park Street and Webster Street:** North Park Street comprehensive zoning amendment in 2010, the comprehensive update to the Park Street and Webster Street parking ordinance requirements in 2011, and the commercial permit streamlining amendments in 2014;

➤ **Housing Amendments:**

- Inclusionary Housing Ordinance in 2003;
- Affordable Housing Density Bonus Ordinance in 2010;
- Multifamily Combining District Ordinance in 2012;
- Rent Stabilization Ordinance in 2016;

In 2020, the first residents moved into Corsair Flats at Alameda Point. The building is the first new residential building to be constructed at Alameda Point since the Navy left the site almost 25 years ago. The building, constructed and operated by Eden Housing, provides housing for 60 low income seniors.



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- Residential Design Review streamlining amendments in 2016;
 - Universal Design Ordinance in 2017;
 - Accessory Dwelling Unit Ordinance in 2017; and
 - Shared Living Ordinance in 2017

 - Streamlining Design Review for Small Residential Additions 2019
 - Work/live Ordinance amendments in 2019

General Plan Work Program 2021-2022

Government Code section 65400 (a) requires that the planning agency (Planning, Building, and Transportation Department) annually make recommendations to the legislative body (the City Council) regarding “reasonable and practical means for implementing the general plan or element of the general plan, so that it will serve as an effective guide for the orderly growth and development, preservation and conservation of open-space land and natural resources”.

In August 2020, the City of Alameda staff and consultant team completed and published a draft General Plan 2040 for public review and comment. Representing the first comprehensive update of the General Plan in 30 years, the draft General Plan is available on the project website <https://www.alameda2040.org/>.

Between the August 2020 publication and the end of December 2020:

- Over 1,500 individuals provided written suggestion and ideas for improving the first draft General Plan Update.
- The Planning Board held the four public forums to review, discuss, and make suggestions for improvements to the draft. Approximately 75-80 people have attended each forum.
- A wide variety of organizations and groups met with the staff and consultant team to suggest changes, including but not limited to the Alameda Collaborative for Children, Youth and their Families; Social Service Human Relations Board; the Downtown Alameda Business Association, the Rotary Club of Alameda, the Alameda Architectural Preservation Society; the Commission on Persons with Disabilities; the Alameda Point Collaborative; the Transportation Commission, Community Action for a Sustainable Alameda (CASA), the Alameda Renters Coalition, Bike Walk Alameda, the League of Women Voters, and the Alameda Chamber of Commerce.

In December, the City Council held the first in a series of public workshops on the update of the Housing Element to accommodate the new regional housing needs allocation (RHNA). Also in December, the City received its initial draft RHNA of 5,400 housing units for the period 2023 through 2031. The City must adopt a new Housing Element by the end of 2022 to remain in compliance with State law.

Recommended 2021-2022 General Plan Work Plan Priorities.

In March 2021, staff plans to release the 2nd Draft General Plan and draft Environmental Impact Report (EIR) evaluating the potential environmental impacts of the plan for public review and comment. The March publication will kick off a two month public review period for the draft General Plan and EIR.

In April 2021, staff is planning a joint meeting of the Planning Board and Transportation Commission to discuss the General Plan land use, development, housing and transportation goals, policies and actions.

In May, June and July, staff is planning for Planning Board public hearings to prepare the final Planning Board recommendations on the General Plan and EIR for City Council consideration in

the fall of 2021. Staff anticipates a series of public hearings before the Planning Board will be necessary to develop the Board's final recommendations.

In June or July, Planning Board holds final public hearing and makes final recommendation on draft General Plan Update 2040.

In September or October of 2021, the City Council:

- Holds Public Hearings and take final action on the final Draft General Plan 2040 update, and
- Provide direction to the staff and Planning Board for the Housing Element Update 2023-2031.

In the fall of 2021, Planning Board will begin public workshops to address the Housing Element update consistent with City Council direction. In spring and summer 2022, the Planning Board will hold public hearings to complete the draft Housing Element update and draft zoning amendments necessary to accommodate the RHNA for 2023-2031. In the fall of 2022, the City Council will hold its final public hearings and make a final decision on draft Housing Element update and draft zoning amendments necessary to accommodate the RHNA for 2023-2031.

Housing Element Annual Report: Progress toward Meeting the Regional Housing Need for 2015-2022.

Government Code Section 65400 requires the City to annually consider the prior year's progress meeting the City of Alameda's regional housing needs allocations (RHNA).



In 2020, work continued on the new housing and the entrance to Alameda Point.

Six Year Progress Report: Alameda's RHNA for housing construction during the current eight year cycle (2015 to 2023) is 1,723 housing units. Of the 1,723 units, the City's RHNA includes the need for 444 very low income units, 248 low income units, 283 moderate income units, and 748 above moderate income units. (Approximately 50% of the housing need is for lower income households.)

In 2020, Alameda continued to make progress toward meeting its Regional Housing Needs Allocation (RHNA) for the period, but more work is still needed to achieve local and state affordable housing objectives. In 2020, the City issued Building Permits for approximately 259 residential units located at Alameda Point, Alameda Landing, and Rosefield Village. In addition, the City issued building permits for 39 ADUs citywide. The Alameda Point units (Eden Housing on Block 8) and the Rosefield Village units (Alameda Housing Authority) are all restricted for lower income households.

Alameda is projected to meet its goal of 1,723 total units for this 8 year period, but Alameda will not meet its affordable housing RHNA. In the first six (6) years of the eight year cycle, Alameda issued building permits for 1,599 housing units. In the next two years of the cycle, Alameda Point,

Alameda Landing, and Alameda Marina are all expected to be issued building permits. Building permits issued for these projects after January 1, 2023 will be counted in the new Housing Element (2023-2031).

Although the City is on track to issue over 1,725 building permits over the 8 year period, the number of deed restricted affordable units within the 1,725 new homes is far less than the affordable housing need as determined by the RHNA (approximately 50%). (For more information on affordable housing, see the Housing Program analysis in next section.)

In 2020, the City Planning Board approved planning entitlements for 589 new, affordable housing units for the Alameda Housing Authority on Singleton Avenue. These units are projected to be constructed during the 2023-2031 housing cycle.

In 2020, the City did not deny any land use or development applications for new residential units.

In 2020, the City of Alameda approved the Development Plan and Tentative Map for the Alameda Housing Authority's plan to construct 589 housing units for lower income households on former military land at "North Housing".



Housing Program Analysis

I. Inclusionary Housing Program

Housing Element Program 2.1 establishes the need to continue to implement the City of Alameda inclusionary housing program. Although not required by State law, the City of Alameda adopted an Inclusionary Housing Ordinance in 2003, which requires that 15% of all units in projects of 10 or more units must be deed-restricted for very low- (4%), low- (4%) and moderate-(7%) income households. Projects with between five and nine units can pay an in-lieu fee instead of providing affordable units. Projects with less than five units are exempt from the Ordinance.



In 2020, the Planning Board approved the final architectural drawings for the first 360 units at the Alameda Marina project, which will include reconstruction of the city owned shoreline sea walls, sea level rise protections for the adjacent city owned tidelands trust properties, and construction of 776 residential units. The project complied with the City's 15% inclusionary housing ordinance and received affordable housing density bonuses.

On September 19, 2017, the City Council held a public workshop to consider a 2016 City Council referral directing staff and the Planning Board to consider revisions of Alameda's Inclusionary Housing requirements to "increase the overall percentage of required affordable units as defined by the current Housing Element of Alameda's General Plan and State housing laws within residential developments". At the 2017 hearing, the City Council decided not to amend the City's Inclusionary Housing Ordinance.

State Housing Law. Increasing the inclusionary requirement is not needed to remain in compliance with Housing Element Law. In fact, the State of California considers inclusionary housing ordinances to be a *constraint* on the production of housing in California. For that reason, the State mandates that the City annually evaluate its inclusionary housing ordinance to determine if it is constraining housing development.

The City's current 15% inclusionary requirement is comprised of requirements for 4% very low-, 4% low- and 7% moderate-income units, which ensures that each project does not automatically qualify for an affordable housing density bonus. When a project triggers a density bonus, the result is that the number of units in the project increases and the actual percentage of affordable units in the project goes down, not up. However, the City could consider changing the distribution of units within the 15% requirement such that applicants would be required to increase the percentages more significantly to justify a density bonus.

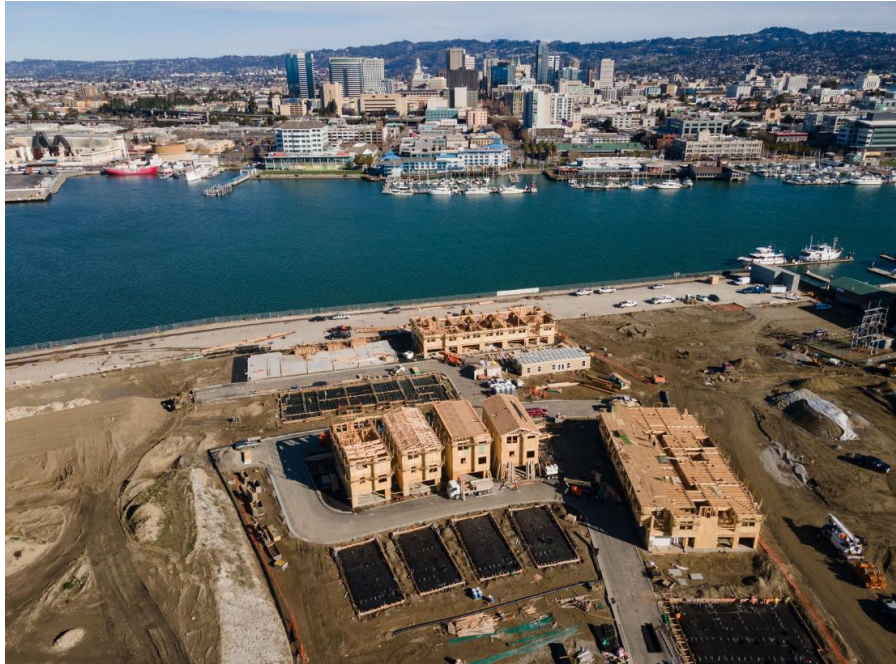
Deed-Restricted Unit impacts on the financial feasibility of housing projects. In 2020, housing construction costs continued to be a major financial burden for housing production in Alameda and the Bay Area. In Alameda, recently approved residential projects, including major planned residential projects such as the Site A and Del Monte projects, are struggling to absorb rapidly increasing construction costs. Given California's land and construction costs, the 15% deed-restricted units in each residential project must be financially subsidized by the 85% of the units that are not deed-restricted. (This financial relationship between market-rate housing and deed-restricted affordable housing is the foundation of the State Density Bonus law, which grants market-rate bonus units in return for deed-restricted affordable units.) The deed-restricted unit subsidies must be covered by either the cost to the buyer or renter of the 85% market-rate units, the developer's return on investment, or the price received by the seller of the land. If the subsidies grow to the point where the costs cannot be passed onto the buyer or renter, cannot be absorbed by the developer, or cannot be taken out of the land price, the housing project will become financially infeasible. If the projects become infeasible, then the inclusionary requirement becomes a constraint on housing production.

If increasing the inclusionary requirement results in residential projects becoming financially infeasible, then the decision to increase the inclusionary requirement will not increase the construction of affordable housing; it will decrease the production of affordable housing. If increasing the inclusionary requirement can be absorbed by increasing the cost of the market-rate units, then the change to the inclusionary ordinance will decrease the ability of each project to provide lower cost, market-rate "middle income" units, because the market-rate units may need to be designed as larger, more expensive units to help off-set the financial subsidies required to cover the additional deed-restricted units.

Inclusionary Housing Requirements in Other Cities. A brief survey of other cities reveals three general findings:

Alameda's requirement for 15% inclusionary units that includes very low-, low-, and moderate-income housing exceeds the requirements of most neighboring cities and the few neighboring cities that require more than 15% either do not require low- and very low-income units or allow developers to pay in-lieu fees instead of providing the units.

Work on the new waterfront park and neighborhood at Alameda Landing continued throughout the 2020 pandemic year.



Alameda's inclusionary requirement applies equally to ownership and rental projects. Most other cities surveyed have different requirements based on whether or not the housing being built is ownership or rental. Staff believes these differences were the result of changes those cities made to address the court case *Palmer/Sixth Street Properties, L.P. v. City of Los Angeles* (2009) 175 Cal.App.4th 1396 (Palmer), which prevented cities from imposing deed restrictions on rental units. Because Alameda historically, since 1972 and the passage of Measure A, has had very few rental projects, the Council never revised the Inclusionary Ordinance to address rental housing. In 2017, the State Legislature passed AB 1505, which effectively overrode the limitations imposed by the Palmer case.

Alameda is the most restrictive city regarding the option to pay in-lieu fees. In Alameda, only projects with nine or fewer units may pay in-lieu fees. Most other cities allow residential projects to pay fees in lieu of building the units. Oakland only collects fees. It also appears that in cities where in-lieu fees are allowed: 1) many developers choose to pay the fee rather than build the units, and 2) those cities tend to receive less density bonus applications because paying a fee does not qualify a project for a density bonus.

Recommendations Regarding Inclusionary Housing Ordinance: The Inclusionary Housing Ordinance is producing much needed deed-restricted housing. Although deed-restricted housing requirements do pose additional financial obligations on housing projects in Alameda, staff believes that the 15-year record of housing projects being constructed with the 15% requirement proves that the requirement is not posing a constraint on housing development.

State law imposes requirements on any City that wishes to amend an existing Inclusionary Housing Ordinance. Pursuant to AB 1505 any ordinance amended or adopted after September 2017 is

subject to a higher level of review by the State of California to ensure that the ordinance is not imposing an undue financial constraint on housing production.

Staff does not recommend any changes to the Inclusionary Housing Ordinance at this time.

II. Density Bonus Program

In 1979, the State legislature enacted the Density Bonus Law (Government Code Sections 65915-65918) to address the shortage of affordable housing in California. The statute imposes a mandatory density bonus program that requires cities to permit the construction of additional residential units and, if requested by applicants, provide reduced parking standards, regulatory incentives/concessions and waivers to developers who construct a certain percentage of affordable housing that meets the statutory criteria. Specifically, a developer who includes specified amounts of low-, very low-, or in some cases, moderate-income housing, is entitled to:

- A density bonus to help cover the costs of the affordable units. State law specifies exactly what percentage of additional units (up to a 35 percent increase) must be provided.
- Reduced parking requirements.
- Up to three regulatory incentives and/or concessions from city development standards or regulations that result in “identifiable and actual cost reductions” to provide affordable housing.
- An unlimited number of waivers from city development standards, such as in Alameda's case, the Alameda Municipal Code (AMC) Section 30-53 Multiple Dwelling Units Prohibited, that would “physically preclude” the project from developing at the density allowed under the Density Bonus Law.

In 2010, in compliance with State law, the City adopted AMC Section 30-17, Density Bonus Ordinance. Since its adoption in 2010, every major housing development in Alameda has taken advantage of the Density Bonus Ordinance to override the City Charter prohibition on multifamily housing and waive any other zoning standards that physically preclude the project from realizing the total number of units provided by the zoning district and the State Density Bonus Law.

The provisions of the City's Density Bonus Ordinance are largely dictated by State law; therefore, the City is not able to fundamentally change any of the basic requirements.

III. Universal Design Program

Housing Element Program 4.2 establishes the need for a Universal Design Ordinance to better serve the City's senior population, residents that wish to “age in place”, and the 16% of Alameda families that report living with a family member with a disability.

On October 17, 2017, the City Council approved a citywide Universal Design Ordinance that is designed to ensure that 100% of Alameda's new homes are “visit-able” by any visitor with mobility issues or a physical disability and that 30% of the new homes in all large-scale developments (over 10 units) are designed to be “live-able” by a person with mobility issues or a physical disability.

In 2020, it became apparent that the 100% visit ability requirement is becoming a difficult to achieve for some housing projects. Rising construction and land costs are forcing more and more market rate developers to focus on the townhome housing type, which is relatively inexpensive to

build and retains a relatively high return on investment. Unfortunately, a typical townhome housing type does not provide enough ground floor space to meet the city's 100% visitability requirement, which requires at least a bedroom and accessible bathroom on the ground floor to be accessible. Installing elevators in townhomes is not a financially viable means to achieving visitability. The only alternative is to make the ground floor of the unit larger, which means the attached townhome units requires more land and a bigger overall amount of floor area, which both increase construction costs and reduce affordability.

As a result, developers are using the Density Bonus waivers to request waivers from the 100% visitability requirements for the project. Recent examples include the Boatworks project and the Santa Clara project. The Alameda Marina townhomes also required waivers from the 100% visitability requirements.

IV. Accessory Dwelling Unit (ADU) Program

Housing Element Program 4.1 establishes the need to support accessory dwelling units, which are small one-bedroom or studio units built on properties that are already occupied by a single-family home in an existing neighborhood. These units provide an excellent way for a community to add small, affordable units that are attractive to small households, seniors, and/or residents with a disability.

On July 5, 2017, the City Council adopted a series of amendments to the Accessory Dwelling Unit Ordinance to bring the City's ordinance into conformance with state law. Under the former ordinance, the City approved only two ADUs in the last eight years.

In 2020, Alameda issued 30 building permits for ADUs. The ADUs are predominantly located in existing basements or garages in the backyard. The ADU applications are evenly divided, with a near 50-50 split, between backyard cottages and units within the walls of existing homes. The ADUs are quite small. The average size of the ADUs is between 500 and 600 square feet. The ADUs are evenly distributed across Alameda. There is not a concentration of ADUs in any particular neighborhood.

In 2020, construction costs appeared to be the most significant constraint on ADU construction in Alameda. A number of ADUs have been approved over the last two years, but never constructed, which indicates that the approval process is not a major constraint. (ADU permits are not subject to a discretionary public review process.

V. Senior Housing, Assisted Living, and Homeless Shelters

Housing Element Policy HE-4 states: "Encourage and support new residential opportunities for senior citizens, including senior housing projects, multifamily housing projects with accessible and small housing units, assisted living projects, and in-law units." The AMC does not currently include a definition of "assisted living" or adequate guidance on where in the City senior assisted living or senior restricted housing may be permitted. These deficiencies need to be addressed in an upcoming zoning amendment.

Homelessness is a growing housing problem, and the zoning code needs to be updated to better address the needs for "emergency shelter" and "warming centers" in Alameda.

VI. Design Review Program and Streamlining

The Housing Element includes programs and policies (Program 1.3 and 3.1) that emphasize the need to expedite the development review process for projects that include affordable housing and special needs housing. Prioritizing and expediting the design review process for projects with affordable housing and special needs housing should continue.

In 2017, the State Legislature made a number of changes to state law to limit the use of “subjective” design review standards by local agencies in the review of housing development proposals. As a result, it is important that the City of Alameda review its design review standards to clearly articulate “objective design standards” for residential design in Alameda.

In 2020, the Planning Board approved a preliminary set of objective design review standards for residential design.

In 2020, the Planning Board also reviewed and approved the North Housing project, which was the city’s first eligible SB 35 project.

VII. Conclusions and Priorities for 2021-2022

Although the City is making progress to address its housing needs, the City’s regulatory framework governing housing development can continue to be improved to facilitate high quality, diverse housing for the Alameda community.

The implementation priorities for the next 2 years should be:

- Continue to expedite the review of projects that include affordable and special needs housing.
- Complete the General Plan update and land use diagram and classification updates in 2021.
- Complete the Housing Element update in 2022.
- Complete Zoning amendments to address housing constraints, housing costs (i.e. parking and open space) and opportunities in 2021 and 2022.